

Notes of Meeting of the Renewables Subcommittee

Governor's Energy Task Force

January 9, 2004

Xcel Energy - Madison Office

Meeting was attended by:

Phyllis Dube' We Energies

Brian Zelenak, Excel Energy

Don Reck, Xcel Energy, by videoconference

Dave Donovan, Xcel Energy, by videoconference

Jennifer Giegerich, WisPIRG

Spencer Black, Wisconsin State Assembly

Michael Vickerman, RENEW

Paul Helgeson, PSCW

Charlie Higley, CUB

David Blecker, MREA

Meeting began at 1:00 with introductions

Michael explained that the Task Force will be separating issues into 2 categories. First, issues that the state can work on right away or that may be considered in this legislative session will be handled by Brian Rude's committee (Other Policy Initiatives). Second, other issues will require longer deliberation and will be covered in the final report in the fall of 2004.

The group then decided which issues would be sent to Brian's subcommittee and which ones would need further analysis by our subcommittee.

The question of state government procurement of renewable energy (presented as issue number 3 in Michael Vickerman's position paper dated Dec 4, 2003) will be sent to Brian Rude's subcommittee. The Renewables Subcommittee is in general agreement on the concept.

The issue of tax code changes (number 6 in Michael Vickerman's paper) will also be sent to Brian Rude's committee for further development. Again, we were in favor of the concept but had questions about how the tax code works, and whether a tax credit should be limited to certain size energy projects.

Renewable Subcommittee members interested in shaping the proposals headed to Brian Rude's subcommittee were urged to attend those meetings. Michael Vickerman will circulate meeting notices of that subcommittee.

The subcommittee also discussed other existing legislation on energy issues. We decided that we would not recommend any positions on legislation as a

group. Bills discussed were Rep. Miller's (10% RPS) and Senator Harsdorf's (Lower St. Croix).

The issue of how to handle renewables in the context of our public benefits program will be discussed in George Edgar's committee.

Next we turned to a discussion of issues that the Renewable Subcommittee would analyze.

Renewable Portfolio Standards (RPS) are discussed in Michael Vickerman's position paper. He explained that he is open to different numeric measures, for example, targets rather than requirements. We discussed the difficulty in selecting a target when each utility's service territory and renewable programs are so different. Xcel and We Energies expressed the concern that we not be "punished" for being an early adopter of renewable energy.

We also discussed the length of time that an RRC (Renewable Resource Credit) could exist. It was suggested that each credit should have a finite and short (perhaps 3 years) life.

Dave Donovan and Paul Helgeson will research these issues further and make some "strawman" proposals for us to consider - probably in the March timeframe. This research will include information on how other states address these issues.

David Blecker asked if transmission capacity shouldn't be required to carry a certain amount of renewable energy since constraints in transmission restrict the delivery of additional renewable energy. No one seemed to know exactly how that could work but acknowledged that it is an issue and should be thought through more completely.

Michael Vickerman volunteered to do more research on the pricing structure of green pricing programs including a fixed term rate.

We discussed the importance of the Production Tax Credit extension and agreed that each of our groups may want to urge our Senators to get it passed in the federal energy bill.

David Blecker asked if Wisconsin should institute a state production tax credit. Apparently there is a very popular program in Minnesota. Michael Vickerman agreed to send a summary of this program to the Renewable Subcommittee members.

We also briefly discussed the buy-back rates for renewable generators, but made no assignments for additional analysis at this time.

Phyllis J. Dube'



Phyllis J. Dubé
(E-mail).vcf